

**MINUTES OF THE COMMITTEE
ON
BANKING AND FINANCIAL SERVICES**

Tuesday, January 29, 2008

10:30 a.m.

Room 326 House Office Building

The House Standing Committee on Banking and Financial Services was called to order by the Chair.

Members present: Reps. Coulouris, Johnson, Clemente, Mayes, Moore, Robertson, Calley.

Members absent/excused: Reps. Virgil Smith, Green.

Representative Clemente moved to approve the minutes of the January 22, 2008 meeting. There being no objection, the motion prevailed by unanimous consent.

The Chair laid HB 4645 before the committee.

HB 4645 Tobocman Consumer credit; other; tax refund anticipation loan providers; require licensure under regulatory loan act.

Brian Sydnor of the Office of Financial and Insurance Services testified in support of the bill. Mr. Sydnor also submitted written testimony.

Representative Steve Tobocman, sponsor of HB 4645, testified in support of the bill.

The following individuals submitted cards in support of the bill, but did not wish to testify:

Carrie Guzman of ACORN Financial Justice Center. Ms. Guzman also submitted written testimony.

Jim Smock of the Michigan Credit Union League.

Peter Ruark of the Michigan League for Human Services.

Alicia Quintero of the Community Economic Development Association of Michigan.

Nancy Lindman of the Michigan Association of United Ways.

Jacqueline Jones of the United Way of Southeastern Michigan.

Representative Johnson offered the following amendment to HB 4645:

1. Amend page 4, line 13, after “**TYPE**” by striking out “**AND IN THE PRIMARY LANGUAGE UNDERSTOOD BY THE TAXPAYER,**”.

Representative Johnson moved to adopt the amendment. **The motion prevailed 6-0-0.**

FAVORABLE ROLL CALL

Yeas: Reps. Coulouris, Johnson, Clemente, Moore Robertson, Calley.

Nays: None.

Pass: None.

Representative Clemente offered the following amendment to HB 4645:

1. Amend page 6, following line 5, by inserting:

"(4) A FACILITATOR THAT FACILITATES OR OFFERS TO FACILITATE A REFUND ANTICIPATION LOAN SHALL NOT DO ANY OF THE FOLLOWING:

(A) REQUIRE A CONSUMER TO ENTER INTO A LOAN ARRANGEMENT IN ORDER TO COMPLETE A TAX RETURN.

(B) MISREPRESENT A MATERIAL FACTOR OR CONDITION OF GRANTING A REFUND ANTICIPATION LOAN.

(C) FAIL TO PROCESS THE APPLICATION FOR A REFUND ANTICIPATION LOAN PROMPTLY AFTER AN APPLICANT APPLIES FOR THE LOAN.

(D) ENGAGE IN ANY FRAUDULENT TRANSACTION, PRACTICE, OR COURSE OF BUSINESS WITH ANY PERSON IN CONNECTION WITH A REFUND ANTICIPATION LOAN.

(5) A BORROWER WHO OBTAINS A REFUND ANTICIPATION LOAN MAY RESCIND THE LOAN, ON OR BEFORE THE CLOSE OF BUSINESS ON THE BUSINESS DAY FOLLOWING THE DAY THE LOAN IS MADE, BY RETURNING THE ORIGINAL CHECK ISSUED TO THE BORROWER FOR THE LOAN OR PAYING THE AMOUNT OF THE LOAN IN CASH TO THE LENDER OR THE FACILITATOR. A FACILITATOR SHALL NOT CHARGE THE BORROWER A FEE FOR RESCINDING A REFUND ANTICIPATION LOAN AND SHALL RETURN ANY FEE CHARGED FOR MAKING A REFUND ANTICIPATION LOAN IF THE LOAN IS RESCINDED UNDER THIS SUBSECTION. HOWEVER, A FACILITATOR IS NOT REQUIRED TO RETURN TO A CUSTOMER WHO RESCINDS A REFUND ANTICIPATION LOAN UNDER THIS SUBSECTION A FEE CHARGED TO THE CUSTOMER BY THE FACILITATOR FOR ESTABLISHING AND ADMINISTERING A BANK ACCOUNT TO ELECTRONICALLY RECEIVE AND DISTRIBUTE THE CUSTOMER'S TAX REFUNDS." and renumbering the remaining subsections.

Representative Clemente moved to adopt the amendment. **The motion prevailed 7-0-0.**

FAVORABLE ROLL CALL

Yeas: Reps. Coulouris, Johnson, Clemente, Mayes, Moore, Robertson, Calley.

Nays: None.

Pass: None.

Representative Mayes moved to report HB 4645 with recommendation as amended, as substitute (H-2). **The motion prevailed 7-0-0.**

FAVORABLE ROLL CALL

Yeas: Reps. Coulouris, Johnson, Clemente, Mayes, Moore, Robertson, Calley.

Nays: None.

Pass: None.

Pava Leyrer and Tim Kleyla of the Michigan Mortgage Brokers Association testified on subprime and predatory lending. Ms. Leyrer and Mr. Kleylan also submitted written testimony. Questions and discussion among committee members followed.

Representative Robertson moved to excuse the absence of Representatives Virgil Smith and Green. There being no objection, the motion prevailed by unanimous consent.

There being no further business before the committee, the Chair adjourned the meeting at 11:40 a.m.

Representative Andy Coulouris, Chair

Dan Stump, Committee Clerk

House Banking And Financial Services Committee, (517) 373-5795